

Part 2 Referrals and Investigations

20 Overview

A

Background

County Offices have the authority and responsibility to keep an active watch for potential fraud, waste, and abuse of the Federal Crop Insurance Program. RMA also has the authority to request assistance from FSA in monitoring the Federal Crop Insurance Program. County Offices shall document observations and gather the documentation necessary to validate concerns according to this part.

21 Responsibilities

A

County Office Responsibilities

County Offices shall:

- C accept any form of complaint from any complainant as accurately as possible
- C keep an active watch for potential fraud, waste, and abuse of the Federal Crop Insurance Program
- C document observations and gather the evidence necessary to validate concerns
- C honor any request by complainant with regard to confidentiality
- C follow timeframes as outlined in this handbook
- C follow publicity requirements as outlined in this handbook
- C take specified actions on a case-by-case basis under the direction of the State Office POC
- C provide the State Office POC with a year-end summary report of all reviews conducted for the crop year by January 31 of the subsequent year

Note: This will include reviews that result in no questionable findings.

- C timely provide requested information to insurance providers, agents, and loss adjusters following procedure in 2-CP, paragraph 508.
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21 Responsibilities (Continued)

B

SED

Responsibilities

SED is responsible for approving either of the following:

- Ⓒ further inquiry by FSA
 - Ⓒ the referral of the case to OIG when RCO fails to timely respond to or declines to proceed with an investigation according to paragraph 73.
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C

State Office POC

Responsibilities

The State Office POC or alternate shall:

- Ⓒ serve as the liaison between the County Office and RCO
- Ⓒ forward all RCO spot check lists and referrals received from RCO to the applicable County Office
- Ⓒ forward all County Office responses to referrals initiated by RCO back to RCO within the specified timeframe

Note: A list of addresses with States served for each RCO is in Exhibit 5.

- Ⓒ be responsible for ensuring that referrals from the County Office are complete and that all necessary documentation is provided
 - Ⓒ notify the County Office of County Office-initiated referrals that POC determines are unwarranted and will not be forwarded to RCO
 - Ⓒ make initial determination for FSA to conduct its own investigation or refer the case to OIG, subject to SED approval, when RCO fails to timely respond to or declines to proceed with an investigation, according to subparagraph 73 B.
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21 Responsibilities (Continued)

D DD Responsibilities

DD's shall:

- Ⓒ monitor the referral process within their respective district
 - Ⓒ assist State and County Offices with the referral process as requested.
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E RCO Responsibilities

RCO shall:

- Ⓒ coordinate all referral activities and request for inquiries through the State Office POC
 - Ⓒ develop and provide, to FSA POC, spot check lists for annual reviews that identify high-risk policy holders on a county basis
 - Ⓒ submit referrals involving individual complaints of fraud, waste, or abuse to the County Office through the State Office POC
 - Ⓒ review all referrals received from FSA POC and determine whether further investigation is warranted
 - Ⓒ evaluate the appropriateness of actions taken by the insurance provider relative to the referred case
 - Ⓒ respond to the State Office POC within the specified timeframe for each case referred by POC
 - Ⓒ upon conclusion of the review process, provide a written summary of the review results to the State Office POC.
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Section 1 FSA Referrals to RMA

22 Types of Referrals to RMA

A**Types of Referrals**

The following are 2 types of referrals of suspected crop insurance fraud, waste, or abuse that may originate from a County Office:

- C a complaint received in the County Office by telephone, letter, in-person, etc., from an individual

Example: Producer Jones contacts the County Office to report that Producer Smith is not caring for the crop in a workmanlike manner.

- C observations made by County Office employees or COC members.

Examples: While performing routine FSA compliance activities, it was noted that Producer Smith was using farming practices that were not considered normal or customary for the area.

While verifying production/income for loan making/loan servicing or LDP purposes, a significant discrepancy in data is noted between information provided from crop insurance records and information provided to FSA from the producer.

23 Accepting Complaints or Documenting FSA Observations

A

Accepting Initial Data

Once a County Office is aware of a suspected fraud, waste, or abuse case, AD-2007, Parts A and B must be completed as follows.

Part	Instructions
A	<p>C If the source of the complaint is from an individual, enter the individual's name and address. If the individual is unknown, enter "Unknown" in item 2A. If the individual is known, but wishes to remain anonymous, enter "Confidential Informant" in item 2A.</p> <p>C If the source of the complaint originates from an FSA employee or COC member, enter the County Office name and address.</p>
B	County Offices shall follow the instructions in Exhibit 6.

Once Parts A and B have been completed, the County Office shall refer to subparagraph B.

B

Verifying Crop Insurance

County Offices shall verify the insurance status of the producer's crop by contacting the applicable RCO.

IF the producer's crop is...	THEN the County Office shall...
not insured	<p>take no further action.</p> <p>Note: If the information has an impact on FSA programs, thoroughly document findings and follow procedure in the applicable FSA program handbook.</p>
insured	follow Section 3.

24-39 (Reserved)

Section 2 RMA Referrals to FSA

40 Overview

A

Background

RMA has the authority to request assistance from FSA in monitoring producers suspected of fraud, waste, or abuse. The following are the 2 basic types of FSA assistance requested by RCO:

- Ⓒ spot checks of producers identified through RMA data mining or RCO criteria according to paragraph 41
 - Ⓒ when additional information is needed to establish the credibility of a complaint or when immediate presence is needed to document evidence before it is destroyed according to paragraph 42.
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41 RMA-Requested Spot Checks and RMA-Initiated Complaint Referrals

A

RCO Spot Check List

RCO shall annually provide, by April 1, to the State Office POC a prioritized list of producers:

- Ⓒ exhibiting high loss ratios, high frequency, and severity of losses
- Ⓒ suspected of poor farming practices.

The triggering factors may vary in each RCO based on types of crops and loss experience. The list will be broken down by State and county and will include the producer's name and crops.

County Offices shall conduct reviews according to subparagraph 70 C.

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41 RMA-Requested Spot Checks and RMA-Initiated Complaint Referrals (Continued)

B

**Complaints
Referred by
RMA**

RMA may request FSA assistance when RCO has received a complaint that requires a field visit.

Upon receipt of the request for assistance, County Offices shall conduct the requested fact finding and relay their observations to the State Office POC. Urgent requests need to be responded to without delay. For all other requests, the County Office shall report the information within 14 calendar days.

When immediate action is required, RCO shall telephone the State Office POC. If the State Office POC or alternate is not available, contact may be made directly to the County Office.

In other cases, the request for assistance will be made in writing to the County Office through the State Office POC.

County Offices shall conduct reviews according to paragraph 70.

42-69 (Reserved)

Section 3 Fact Finding and Documentation

70 Review Requirements

A

Overview

County Offices may perform spot checks for RCO as a result of:

- C individual complaints received by the County Office, State Office, or RCO
 - C observations noted by FSA employees or COC members
 - C producers selected from the list provided by RCO.
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B

County Office Action for Individual Complaint or County Office Observation

For reviews resulting from complaints received by the State Office POC or County Office, or reviews resulting from FSA employee or COC member observations, County Office reviews shall be limited to the specific farm or field in the complaint or observation. AD-2007 shall be completed according to instructions in Exhibit 6.

Note: County Offices must ensure that a sequential FSA reference number has been assigned and entered on AD-2007 according to Exhibit 6 for all reviews conducted for RCO.

C

County Office Action on RCO Spot Check List

For those reviews identified on the RCO spot check list, County Offices shall conduct referrals according to the larger of the first 10 insureds or the top 5 percent of the insureds on the list.

Note: If less than 10 insureds are identified on the list, County Offices shall check all insureds.

Of those required reviews, County Offices shall conduct a review on a minimum of 1 tract, which shall include all fields for all identified crops on the RCO spot check list.

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70 Review Requirements (Continued)

C**County Office
Action on RCO
Spot Check List
(Continued)**

During routine FSA compliance activity, County Offices shall document findings for those insureds identified on the RCO spot check list. These reviews will be specific to only those compliance activities being conducted for FSA purposes and not the process listed under the required RCO reviews.

Examples: Bob Smith's farm will be visited as a result of a commodity loan inspection. Because Bob's name is on the RCO spot check list, the field and/or crop condition shall be documented on AD-2007. The County Office may expand the review to include additional fields and tracts if time permits.

Acreage determinations resulting from the Automated Farm Inspection Selection Register for FSA compliance shall also be used for acreage determinations for producers shown on the RCO spot check list. Producers whose crop acreage exceeds tolerance according to 4-CP, paragraph 22 shall be:

- C reported as a finding on AD-2007
- C forwarded to RCO POC through the State Office POC.

Although County Offices must meet the minimum number of required reviews and those reviews identified in conjunction with normal compliance activity, County Offices may expand reviews to additional tracts or fields as time or resources permit.

71 Fact Finding and Documentation

A**Fact Finding for
Individual
Complaints or
County Office
Observations**

For those individual complaints received by County Offices or observations indicating possible fraud, waste, or abuse, fact finding shall be conducted relative to the applicable crop, acreage, and allegation. Fact finding may include, but is not limited to, the following:

- C reviewing FSA-578 and map, if applicable
- C field visit to conduct growing season inspections, take photographs, observe similar farms, etc.

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71 Fact Finding and Documentation (Continued)

A

Fact Finding for Individual Complaints or County Office Observations (Continued)

- Ⓒ verifying production, if applicable, at local elevators, gins, etc.
 - Ⓒ reviewing other FSA records, if available, such as LDP records, results of spot checks, disaster program applications, and FLP records
 - Ⓒ observing company loss adjusters performing appraisals only on a limited basis when requested by RCO.
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B

Fact Finding for RCO Spot Check List

The County Office shall perform a minimum of 2 documented field inspections, 1 within 30 calendar days of the final planting date and 1 before harvest becoming general in the area.

The inspections shall include the following:

- Ⓒ the kind of tillage methods the insured has carried out
 - Ⓒ the kind of weed control practices that are being carried out
 - Ⓒ if a current soil test has been taken on any of the insured acreage
 - Ⓒ how the inspected crop compares with those in the general area
 - Ⓒ the type of fertilizer program being followed
 - Ⓒ brief explanation of the weather in the past 4 to 6 weeks, the current conditions, and the expected weather conditions
 - Ⓒ brief description of any pertinent remarks
 - Ⓒ photographs of the fields inspected.
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71 Fact Finding and Documentation (Continued)

C

Documentation

The County Office shall compile supporting documentation that may include, but is not limited to, the following:

- Ⓒ photocopy of FSA-578 and map, if acreage report has been filed
 - Ⓒ field notes
 - Ⓒ representative photographs
 - Ⓒ other available FSA records applicable to the inquiry
 - Ⓒ other documents and items as requested by RCO through the State Office POC.
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D

**Submitting
AD-2007**

County Offices shall:

- Ⓒ for those reviews initiated at the County Office level, submit AD-2007 and all other supporting documentation to RCO through the State Office POC within 14 calendar days from the date the County Office becomes aware of the suspected fraud, waste, or abuse
 - Ⓒ for reviews resulting from the RCO spot check list, submit AD-2007 and supporting documentation according to subparagraph B within 5 calendar days after the initial discovery of potential fraud, waste, or abuse. If no fraud, waste, or abuse is discovered, submit AD-2007 and supporting documentation within 5 calendar days after the final inspection.
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72 County Office Action

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**County Office
Action for
Individual
Complaints or
County Office
Observations**

Certain actions are required when County Offices are made aware of potential fraud, waste, or abuse as it applies to the Federal Crop Insurance Program. This table briefly summarizes steps for the County Office to follow when dealing with possible fraud, waste, or abuse cases.

Step	Action	
1	Document initial discovery of suspected fraud, waste, or abuse according to subparagraph 23 A.	
2	Verify producer's insurance status for the crop or crops in question according to subparagraph 23 B.	
3	IF the crop is...	THEN...
	not insured	no further action is required for RMA purposes. However, if the complaint could affect FSA programs, the complaint needs to be pursued for FSA purposes only.
	insured	conduct fact finding according to subparagraph 71 A.
4	Important: Do not discuss referral of the case for possible fraud, waste, or abuse with the producer. Maintain confidentiality of complainant.	
5	Document results of fact finding efforts according to subparagraph 71 C.	
6	Submit AD-2007 and supporting documentation to RCO through the State Office POC within 14 calendar days from the date the County Office becomes aware of the suspected fraud, waste, or abuse. Cases of urgency shall be processed expeditiously.	
7	Perform an additional inquiry as requested by the State Office POC or RCO through the State Office POC.	

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72 County Office Action (Continued)

B**County Office
Action Relating
to the RCO Spot
Check List**

This table briefly summarizes steps for County Offices to follow when performing reviews for those producers selected on the RCO spot check list.

Step	Action	
1	Identify selected insureds and crops from the RCO spot check list according to subparagraph 70 C.	
2	Assign tracking number according to Exhibit 6.	
3	Conduct applicable inspections as outlined in subparagraph 71 B.	
4	IF the initial review results in...	THEN...
	no finding	continue to conduct inspections throughout the growing season.
	a finding of potential fraud, waste, and abuse	go to step 5.
5	Document results of fact finding efforts according to subparagraph 71 C.	
6	Important: Do not discuss the specifics or details of the finding resulting from the RCO spot check list with any persons outside FSA or RMA.	
7	Submit AD-2007 and supporting documentation to RCO through the State Office POC within 5 calendar days from the date the County Office completes the inspection. For those inspections for which there were no findings, submit report according to subparagraph 71 D. Cases of urgency shall be processed expeditiously.	
8	Perform an additional inquiry as requested by the State Office POC or RCO through the State Office POC.	

C**Record Keeping**

County Offices shall:

- Ⓒ assign an FSA tracking number for each review according to subparagraph A
- Ⓒ prepare a file folder for each review for which a tracking number has been assigned
- Ⓒ include a copy of all documentation and findings in the file folder, including, but not limited to, documentation items listed in subparagraph B
- Ⓒ log the review on AD-2007A (Exhibit 10).

73 State Office Action

A**Processing
Referrals**

Upon receipt of the documentation and AD-2007 from the County Office, the State Office POC shall:

- ℄ log the referral on AD-2007A (Exhibit 10)
 - ℄ ensure that AD-2007 is complete and that all necessary documentation is provided
 - ℄ request additional documentation from the County Office, if applicable
 - ℄ review all facts related to the referral to concur that the referral should be forwarded
 - ℄ for referrals initiated at the County Office level that are determined to be unwarranted, return the referral and notify the County Office that the referral will not be acted upon
 - ℄ forward all appropriate referrals to RCO using overnight mail within 7 calendar days after receipt from the County Office.
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B**Post Referral
Inquiry**

For all types of referrals, if RCO has not provided a written response that describes intended action of RCO within 5 calendar days after receiving a submitted referral, the State Office POC, with SED approval:

- ℄ may determine that FSA will conduct its own inquiry into the alleged fraud, waste, or abuse
- ℄ shall notify RCO of the action that will be taken by FSA
- ℄ may refer the matter to OIG according to 9-AO if, as a result of the inquiry, FSA concludes further investigation is warranted, but RCO declines to proceed with the investigation.

Note: For those referrals with no findings, a response from RCO POC is not required.

74 RMA Action

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Action

For all types of referrals, upon receipt of AD-2007 and attached documentation from the State Office POC, RCO shall complete this table.

Step	Action	
1	Review referral and determine whether further review is warranted.	
2	Request additional information if necessary.	
3	Within 5 calendar days after receiving the referral, provide a written response that describes the intended action.	
4	IF a review is...	THEN RCO shall...
	not warranted	inform the State Office POC in writing.
	warranted	determine whether RCO conducts the review: <ul style="list-style-type: none"> ⌚ if a referral to the insurance provider is warranted ⌚ according to standard operating procedure. ⌚ RCO shall prepare a transmittal letter to the company including the details of the complaint. Attach the supporting documentation provided by FSA. Do not forward the actual AD-2007 to the company. ⌚ RCO shall evaluate the appropriateness of the actions taken by the insurance provider and determine whether further review is necessary.
5	RCO may refer the case to OIG at any time during the process.	
6	At the conclusion of the review process, RCO shall provide a written summary of the review results to the State Office POC.	

75 Insurance Provider Action

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Action

If the review is referred by RCO to the insurance provider, the insurance provider shall:

- C perform a field review of the producer
 - C take the appropriate action
 - C document their actions
 - C provide a report back to RCO on results of review and actions taken.
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76-80 (Reserved)